

## § 221.12 [Reserved]

§ 221.20 **Maximum mortgage amount—loan-to-value limitation.**

In addition to meeting the dollar limitations as set forth in this subpart, the mortgage amount shall be limited as follows:

(a) *Mortgagors of principal or secondary residences.* (1) If the mortgagor is to occupy the dwelling as a principal residence (as defined in paragraph (c)(1) of this section), the mortgage may not exceed:

(i) The Commissioner's estimate of the appraised value of the property as of the date the mortgage is accepted for insurance, where repair and rehabilitation is not involved; or

(ii) In the case of rehabilitation, the amount of the mortgage shall not exceed the sum of the estimated cost of repair and rehabilitation and the Commissioner's estimate of the value of the property before repair and rehabilitation.

(2) The limitations in paragraph (a)(1) of this section are applicable only if the mortgage covers a dwelling which:

(i) Was approved for mortgage insurance prior to the beginning of construction, or

(ii) Was approved for guaranty, insurance, or a direct loan by the Secretary of Veterans Affairs prior to the beginning of construction, or

(iii) Was completed more than one year prior to the date of the application for mortgage insurance, or

(iv) Is covered by a consumer protection or warranty plan acceptable to the Secretary and satisfies all requirements that would have been applicable if such dwelling had been approved for mortgage insurance before the beginning of construction. After August 6, 1991, any consumer protection or warranty plan must meet the requirements of §§ 203.200–203.209 of this chapter.

(3) If the conditions of paragraph (a)(2) of this section are not met, the amount of the mortgage shall not exceed 90 percent of the amount computed under paragraph (a)(1) of this section.

(4) If the mortgagor is to occupy the dwelling as a secondary residence (as defined in paragraph (c)(2) of this sec-

tion), the mortgage may not exceed 85 percent of the Commissioner's estimates referred to in paragraph (a)(1) (i) or (ii) of this section, as appropriate.

(b) *Mortgagors of dwellings that are not principal or secondary residences.* A mortgage executed by an eligible non-occupant mortgagor (as that term is defined in paragraph (c) of this section), who will use the insured loan proceeds to facilitate the construction or the repair or rehabilitation of the dwelling and to provide financing pending the subsequent resale of the property to a qualifying mortgagor under this subpart, may not exceed the lesser of (1) the Commissioner's estimates referred to in paragraph (a)(1) (i) or (ii) of this section, as appropriate, or (2) the value of the property as of the date the mortgage is accepted for insurance.

(c) *Definitions.* As used in the section, the terms *principal residence*, *secondary residence*, *eligible non-occupant mortgagor*, *undue hardship*, and *vacation home* are defined in § 203.18(f) of this chapter.

[36 FR 24587, Dec. 22, 1971, as amended at 45 FR 46378, July 10, 1980; 47 FR 33495, Aug. 3, 1982; 54 FR 39525, Sept. 27, 1989; 55 FR 34809, Aug. 24, 1990; 55 FR 41024, Oct. 5, 1990; 58 FR 41005, July 30, 1993; 61 FR 60160, Nov. 26, 1996]

§ 221.21 **Maximum mortgage amount—limitations on refinancing.**

In addition to the limitations set forth in §§ 221.10, 221.11, and 221.20, in any case involving refinancing, the mortgage shall not exceed the estimated cost of repair and rehabilitation and the amount, as determined by the Commissioner, required to refinance the existing indebtedness secured by the property.

§ 221.40 **Amortization period of the mortgage.**

The mortgage shall contain complete amortization provisions satisfactory to the Secretary and an amortization period not in excess of the term of the mortgage.

[45 FR 29278, May 2, 1980, and 48 FR 12085, Mar. 23, 1983]

§ 221.50 **Mortgagor's minimum investment.**

(a) At the time the mortgage on a single-family dwelling is insured, a

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mortgagor other than a mortgagor qualifying as a “displaced family” (as that term is defined in section 221(f) of the Act) shall have paid in cash or its equivalent at least 3 percent of the Commissioner’s estimate of the acquisition cost of the property.

(b) At the time the mortgage on a two-, three-, or four-family dwelling is insured, a mortgagor other than a mortgagor qualifying as a displaced family shall have paid in cash or its equivalent at least the minimum amount required pursuant to the loan-to-value limitations as set forth below.

(1) *Loan-to-value limitation—principal residences—approval before construction.* If the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in §221.20(c)(1)) and is approved for mortgage insurance before the beginning of construction, or was completed more than one year before the date of the application for mortgage insurance, the sum of the following percentages of the Commissioner’s estimate of the appraised value of the property as of the date the mortgage is accepted for insurance constitutes the maximum loan-to-value ratio:

- (i) 97 percent of the first \$25,000 of such value.
- (ii) 95 percent of such value in excess of \$25,000.
- (iii) 80 percent of such value in excess of \$35,000.

(2) *Loan-to-value limitation—principal residences—no prior approval.* A loan-to-value limitation of 90 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if (i) the mortgage covers a dwelling that is to be occupied as a principal residence (as defined in §221.20(c)) and (ii) the dwelling does not meet the requirements contained in paragraph (b)(1) of this section.

(3) *Loan-to-value limitation—secondary residences.* A loan-to-value limitation of 85 percent of the appraised value of the property as of the date the mortgage is accepted for insurance is required, if the mortgage covers a dwelling that is to be occupied as a secondary residence (as defined in §221.20(c)).

(4) *Loan-to-value limitation—mortgagors of dwellings that are not principal or secondary residences.* A loan-to-value

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limitation on the appraised value of the property for the appropriate loan type under paragraphs (a) (1) through (3) of this section is applicable with respect to eligible non-occupant mortgagors (as defined in §221.20(c)), if the mortgage covers a dwelling referred to in §221.20(b).

(c) A mortgagor qualifying as a displaced family shall have paid in cash or its equivalent on account of the property, at the time the mortgage is insured, not less than:

- (1) Two hundred dollars for a one-family dwelling;
- (2) Four hundred dollars for a two-family dwelling;
- (3) Six hundred dollars for a three-family dwelling;
- (4) Eight hundred dollars for a four-family dwelling.

[37 FR 23161, Oct. 31, 1972, as amended at 39 FR 32433, Sept. 6, 1974; 42 FR 57435, Nov. 2, 1977; 55 FR 34809, Aug. 24, 1990; 61 FR 60160, Nov. 26, 1996]

### § 221.54 Inclusion of closing costs and expenses in cash payment.

The mortgagor’s required minimum investment may include amounts covering settlement costs, initial payments for taxes, hazard insurance premiums, mortgage insurance premiums, and other prepaid expenses as approved by the Commissioner.

### § 221.55 Deferred sale of properties.

A mortgagor under a mortgage covering a one-family dwelling may, subject to such terms and conditions as the Commissioner may prescribe, be permitted to sell the property to a displaced person on a deferred payment basis, to provide for the accumulation of the required cash payment.

## Subpart B—Contract Rights and Obligations—Low Cost Homes

### § 221.251 Cross-reference.

(a) All of the provisions of subpart B, part 203 of this chapter covering mortgages insured under section 203 of the National Housing Act apply to mortgages covering one- to four-family dwellings insured under section 221 of the National Housing Act, except the following provisions:  
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